Written evidence submitted by Glennmont Partners from Nuveen

Introduction & Overview

1. Glennmont Partners from Nuveen is a leading infrastructure equity firm that has been at the forefront of clean energy investments for over a decade. It is owned by Nuveen, which manages $1.3 trillion in assets on behalf of institutions and individuals around the world. Glennmont is one of Europe's largest specialist renewable energy fund managers with approximately €2 billion invested in over 30 clean power projects such as wind farms, solar photovoltaic and biomass that together produce more than 1,500MW of energy across the European Union.

2. We are a specialist, international team with huge collective experience in the development, construction and operation of renewable energy generation projects. The Glennmont team has been working together since 2007, and has established a reputation for making intelligent, long-term investments that deliver absolute returns.

3. We are delighted to have the opportunity to respond to this Environmental Audit Select Committee inquiry, which is of great interest and relevance to Glennmont Partners. Further investment in clean energy infrastructure is a strategic priority for the UK Government if we are serious about meeting our climate change targets and we believe green finance can play a pivotal role in the transition to a low-carbon economy.

EAC – The financial sector and the UK's net zero transition

The decision by the Chancellor of the Exchequer to establish the UK as the world's first 'net zero financial centre' invites review of the investment strategies of investors with a British presence.
The Committee has therefore agreed the following actions to inquire into the initiatives and their impact, with particular regard to:

The potential effectiveness of the financial sector, including through alliances such as GFANZ, in encouraging the decarbonisation of the economy in time to limit global temperature rises to 1.5°C

4. The financial sector plays a critical role in the decarbonisation of the economy. Investing in clean energy assets forms a key part of the energy transition and part of broader efforts to mitigate the worst effects of climate change.

5. Over the past decade, renewable energy has matured significantly as an asset class, with pension funds and private equity groups now looking to invest directly into renewables rather than utilities. We have seen a greater focus on clean energy funds and fund management, where large volumes of public and private money has been mobilised for use in capital investment opportunities.

6. At the same time, such sources of capital are valuable but fickle and with many alternative opportunities, therefore in order to retain such sources of finance, stability and clarity of policy is necessary. Markets such as the UK, who have strong economies, clear sector targets and stable energy markets for opportunities to invest, are crucial in attracting the support of Global Financial Institutions. The financial sector therefore has the capacity, and increasingly the will to encourage the decarbonisation of the economy, but this must be married with clear public sector leadership.

7. Clear public sector leadership is again crucial in setting the right market conditions for inward investment in renewables. Setting clear and ambitious renewable generation targets plays a role in this, but must be accompanied by collaborative efforts from the private and public sectors to develop emerging technologies and to mitigate risk. Examples of which include the incentivisation of investment through attractive financing mechanisms.

8. Renewable energy infrastructure investment funds are also not immune to wider current economic conditions which add risk to investment and make markets less attractive. Rising interest rates globally have consequentially constricted capital markets, and this creates a challenge for investors as the increased risk associated with investment and the lowering of returns makes fundraising more difficult – as such, finance for the energy transition is not as assured as it was even a year ago.

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